

SENATE BILL No. 366

DIGEST OF INTRODUCED BILL

Citations Affected: IC 6-3.1-20.

Synopsis: Septic tank tax credit. Establishes a tax credit for the owners of homes served by septic tanks. Requires an owner to repair or replace an old septic tank to be eligible for the credit. Provides that the credit equals 30% of the total repair or replacement costs and is applied against the owner's adjusted gross income tax liability in four equal annual amounts. Provides that the owner may carry over excess credit to succeeding capital years.

Effective: January 1, 2002.

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January 18, 2001, read first time and referred to Committee on Environmental Affairs.

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First Regular Session 112th General Assembly (2001)

PRINTING CODE. Amendments: Whenever an existing statute (or a section of the Indiana Constitution) is being amended, the text of the existing provision will appear in this style type, additions will appear in **this style type**, and deletions will appear in ~~this style type~~.

Additions: Whenever a new statutory provision is being enacted (or a new constitutional provision adopted), the text of the new provision will appear in **this style type**. Also, the word **NEW** will appear in that style type in the introductory clause of each SECTION that adds a new provision to the Indiana Code or the Indiana Constitution.

Conflict reconciliation: Text in a statute in *this style type* or ~~this style type~~ reconciles conflicts between statutes enacted by the 2000 General Assembly.

SENATE BILL No. 366

A BILL FOR AN ACT to amend the Indiana Code concerning taxation.

Be it enacted by the General Assembly of the State of Indiana:

1 SECTION 1. IC 6-3.1-20 IS ADDED TO THE INDIANA CODE
2 AS A **NEW** CHAPTER TO READ AS FOLLOWS [EFFECTIVE
3 JANUARY 1, 2002]:

4 **Chapter 20. Residential Septic Tank Tax Credit**

5 **Sec. 1. This chapter creates the residential septic tank tax credit.**

6 **Sec. 2. As used in this chapter, "board" refers to any of the**
7 **following:**

8 (1) A county board of health established under IC 16-20-2.

9 (2) A multiple county health department established under
10 IC 16-20-3.

11 (3) The health and hospital corporation of Marion County
12 established under IC 16-22-8.

13 **Sec. 3. As used in this chapter, "dwelling" means any house or**
14 **place that is:**

15 (1) used or intended to be used as a place of seasonal or
16 permanent human habitation or sleeping for one (1) family;
17 and



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(2) served by a septic tank.

Sec. 4. As used in this chapter, "owner" means an individual taxpayer who owns a dwelling.

Sec. 5. As used in this chapter, "septic tank" means a water tight structure into which sewage is discharged for settling and solids digestion.

Sec. 6. An owner is entitled to a credit against the owner's adjusted gross income tax liability for a taxable year in the amount described in section 7 if:

(1) the owner repairs the septic tank that serves the owner's dwelling or replaces the septic tank with a new septic tank; and

(2) a board inspects the repaired or new septic tank.

Sec. 7. The credit authorized under section 6 of this chapter is equal to thirty percent (30%) of the costs incurred by the owner in repairing or replacing the septic tank and shall be applied in four equal amounts against the owner's adjusted gross income tax liability for the taxable year in which the repair or replacement occurs and the three (3) immediately succeeding taxable years.

Sec. 8. If the credit determined under section 7 of this chapter for a particular owner and a particular taxable year exceeds the owner's state income tax liability for that taxable year, the owner may carry over the excess credit to the immediately succeeding taxable years. Each time the excess credit is carried over to a succeeding taxable year, it is to be reduced by the amount that was used as a credit during the immediately preceding taxable year. A carryover provided by this chapter may not be used for any taxable year that begins more than three (3) years after the taxable year in which the owner first claimed the credit.

Sec. 9. A taxpayer is not entitled to a carryback or refund of any unused credit.

Sec. 10. The credit created under this chapter is not available to an owner of a newly constructed dwelling that will be served by a septic tank.

SECTION 2. [EFFECTIVE JANUARY 1, 2002] This act applies to taxable years beginning after December 31, 2001.

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